

AMENDED IN SENATE JANUARY 5, 2004

SENATE BILL

No. 526

Introduced by Senators Torlakson and Dunn

February 20, 2003

~~An act to amend Section 41204.1 of the Education Code, and to add Section 97.48 to the Revenue and Taxation Code, relating to local government finance. An act to amend Section 33378 of the Health and Safety Code, relating to redevelopment.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 526, as amended, Torlakson. ~~Property tax revenue shifts: exemption: affordable housing developments—Redevelopment: referendum.~~

~~Existing law requires the Director of Finance to make certain adjustments in one of the formulas used in computing the state's obligation under the California Constitution to provide funding for school districts and community college districts so as to ensure that the modifications in property tax revenue allocation requirements that were made by a prior enactment do not have a net fiscal impact on school districts or community college districts, or upon the state's funding obligation to those districts.~~

~~This bill would instead apply the adjustment requirement to modifications in property tax revenue allocation requirements that are made by "qualifying provisions," and would define "qualifying provisions" to include both the prior enactment currently specified by the adjustment requirement and a specified statute proposed to be added by this bill.~~

~~Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in~~

~~accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. Existing property tax law also reduces the amounts of ad valorem property tax revenue that would otherwise be annually allocated to the county, cities, and special districts pursuant to these general allocation requirements by requiring, for purposes of determining property tax revenue allocations in each county for the 1992-93 and 1993-94 fiscal years, that the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund in that county for allocation to school districts, community college districts, and the county office of education.~~

~~This bill would, for the 2004-05 fiscal year and each fiscal year thereafter, reduce the reduction and transfer amounts of qualified local agencies, as defined, by the property taxes lost as a result of the granting of a specified exemption from property taxes for affordable housing developments that are put into service on or after January 1, 2004. This bill would require that the reduction, resulting from this prohibition, in the amounts of ad valorem property tax revenue deposited in the county's Educational Revenue Augmentation Fund, be applied exclusively to reduce the amounts of ad valorem property tax revenue allocated from that fund to school districts and county offices of education. By imposing additional duties upon local tax officials in the apportionment of the allocation reductions required by this bill, this bill would impose a state-mandated local program.~~

~~The~~

~~(1) The Community Redevelopment Law requires redevelopment plans to include a time limit, not to exceed 12 years, for the commencement of eminent domain proceedings to acquire property within the project area and authorizes an extension of this time limit only pursuant to an amendment of the plan by ordinance. The ordinance is subject to referendum as prescribed by the law for ordinances of the legislative body, except that ordinances that provide for tax-increment financing or expand a project area subject to tax-increment financing are subject to prescribed requirements within the Community~~



Redevelopment Law including a requirement that the county clerk approve the ballot measure language.

This bill would delete the requirement that the county clerk approve the ballot measure language, but would provide that any ordinance that is subject to referendum would also be subject to some of the above-described referendum requirements within the Community Redevelopment Law. By increasing the duties of local officials, this bill would impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 41204.1 of the Education Code is~~
2 ~~SECTION 1. Section 33378 of the Health and Safety Code is~~
3 ~~amended to read:~~
4 ~~33378. (a) With respect to ordinances any ordinance that is~~
5 ~~subject to referendum pursuant to Sections 33365 and 33450~~
6 ~~which provide for tax-increment financing pursuant to Section~~
7 ~~33670 or expand a project area subject to such tax-increment~~
8 ~~financing, the language of the statement of the ballot measure shall~~
9 ~~be approved by the county clerk and shall set forth with clarity and~~
10 ~~in language understandable to the average person that a “Yes”~~
11 ~~vote is a vote in favor of adoption or amendment of the~~
12 ~~redevelopment plan and a “No” vote is a vote against the adoption~~
13 ~~or amendment of the redevelopment plan.~~
14 ~~Notwithstanding~~
15 ~~(b) Notwithstanding any other provision of law, including the~~
16 ~~charter of any city or city and county, referendum petitions~~

1 circulated in cities or counties over 500,000 population shall bear
2 valid signatures numbering not less than 10 percent of the total
3 votes cast within the city or county for Governor at the last
4 gubernatorial election and shall be submitted to the clerk of the
5 legislative body within 90 days of the adoption of an ordinance
6 subject to referendum under this article.

7 ~~Such~~

8 *(c) With respect to any ordinance that is subject to referendum*
9 *pursuant to Sections 33365 and 33450 and either provides for*
10 *tax-increment financing pursuant to Section 33670 or expands a*
11 *project area that is subject to tax-increment financing, the*
12 *referendum measure shall include, in the ballot pamphlet, an*
13 *analysis by the county auditor-controller auditor-controller and, at*
14 *the option of the city legislative body, a separate analysis by the*
15 *city or the agency, of the redevelopment plan or amendment which*
16 *that will include (1) an both of the following:*

17 *(1) An estimate of the potential impact on property taxes per*
18 *each ten thousand dollars (\$10,000) of assessed valuation for*
19 *taxpayers located in the city or county, as the case may be, outside*
20 *the redevelopment project area during the life of the*
21 *redemption project and (2) an project.*

22 *(2) An estimate of what would happen to the project area in the*
23 *absence of the redevelopment project or in the absence of the*
24 *proposed amendment to the plan. Such analysis shall include the*
25 *impact of potential increases in city, county, school district, and*
26 *special district taxes, both over the total life of the project and also*
27 *on the basis of the average annual impact.*

28 *SEC. 2. Notwithstanding Section 17610 of the Government*
29 *Code, if the Commission on State Mandates determines that this*
30 *act contains costs mandated by the state, reimbursement to local*
31 *agencies and school districts for those costs shall be made*
32 *pursuant to Part 7 (commencing with Section 17500) of Division*
33 *4 of Title 2 of the Government Code. If the statewide cost of the*
34 *claim for reimbursement does not exceed one million dollars*
35 *(\$1,000,000), reimbursement shall be made from the State*
36 *Mandates Claims Fund.*

37 ~~amended to read:~~

38 ~~41204.1. (a) (1) Pursuant to paragraph (2) of subdivision (b)~~
39 ~~of Section 41204, the Director of Finance shall annually adjust~~
40 ~~“the percentage of General Fund revenues appropriated for school~~

~~districts and community college districts, respectively, in the 1986-87 fiscal year” for purposes of applying paragraph (1) of subdivision (b) of Section 8 of Article XVI of the California Constitution, to reflect those property tax revenue allocation modifications required by Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code and by the qualifying provisions in a manner that ensures that those modifications will have no net fiscal impact upon the amounts that are otherwise required to be applied by the state for the support of school districts and community college districts pursuant to Section 8 of Article XVI of the California Constitution.~~

~~(2) For purposes of this section, “qualifying provisions,” means the following:~~

~~(A) The amendments made to Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code during the 1991-92 Regular Session through the 2001-02 Regular Session.~~

~~(B) Section 97.48 of the Revenue and Taxation Code.~~

~~(b) Notwithstanding any other provision of law, for the 2003-04 fiscal year and each fiscal year thereafter, “the percentage of General Fund revenues appropriated for school districts and community colleges districts, respectively, in fiscal year 1986-87,” for purposes of paragraph (1) of subdivision (b) of Section 8 of Article XVI of the California Constitution, shall be deemed to be the percentage of General Fund revenues that would have been appropriated for those entities if Section 97.48 of the Revenue and Taxation Code and the amendments made to Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code during the 1991-92 Regular Session through the 2001-02 Regular Session had been operative for the 1986-87 fiscal year.~~

~~(c) In no event may the recalculations required by subdivisions (a) and (b) result in a percentage that exceeds “the percentage of General Fund revenues appropriated for school districts and community colleges districts, respectively, in fiscal year 1986-87,” for purposes of paragraph (1) of subdivision (b) of Section 8 of Article XVI of the California Constitution prior to the amendments made to Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code during the 1991-92 Regular Session.~~

~~(d) It is the intent of the Legislature in enacting the act adding this section to ensure both of the following:~~

~~(1) That the changes required by the qualifying provisions in the allocations of ad valorem property tax revenues do not have a net fiscal impact upon school districts, as defined in Section 41302.5, or community college districts.~~

~~(2) That the changes required by the qualifying provisions in the allocations of ad valorem property tax revenues do not have a net fiscal impact upon the amounts of revenue otherwise required to be applied by the state for the support of school districts and community college districts pursuant to Section 8 of Article XVI of the California Constitution.~~

~~SEC. 2. Section 97.48 is added to the Revenue and Taxation Code, to read:~~

~~97.48.—(a) (1) Notwithstanding any other provision of this chapter, the auditor shall, in allocating property tax revenue for the 2004–05 fiscal year and each fiscal year thereafter, decrease the total amount of property tax revenue that is allocated to the county’s Educational Revenue Augmentation Fund rather than a qualified local agency, as a result of the reductions calculated for that local agency pursuant to Section 97.2 or 97.3, by that local agency’s share of those property tax revenues lost as a result of exemption from tax under subdivision (f) or (g) of Section 214 of affordable housing developments that are put into service in the county on or after January 1, 2004.~~

~~(2) Any increase in the amount of ad valorem property tax revenues that are allocated to a qualified local agency as a result of the implementation of paragraph (1) may not exceed the amount of any reduction in the amount of ad valorem property tax revenues allocated to the qualified local agency pursuant to Sections 97.2 and 97.3.~~

~~(b) For the purposes of this section:~~

~~(1) “Qualified local agency” means a city, for a development in an incorporated area, or a county, for a development in an unincorporated area only, that has an adopted housing element that the Department of Housing and Community Development has determined, pursuant to Section 65585 of the Government Code, to be in substantial compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 4 of Title 7 of the Government Code on the date that certificates~~

1 of occupancy are issued for the dwellings contained within the
2 affordable housing development.

3 (2) A qualified local agency's share of lost property tax
4 revenues is that additional amount of property tax revenue that
5 would be allocated to that local agency if affordable housing
6 developments, exempted from tax as described in subdivision (a),
7 were instead subject to taxation.

8 (c) (1) For the 2004-05 fiscal year and each fiscal year
9 thereafter, the total amount of ad valorem property tax revenue that
10 is required to be allocated under subdivision (a) of Section 96.1 to
11 a county or to a county's Educational Revenue Augmentation
12 Program shall be calculated without regard to any additional
13 allocation or reduction made pursuant to subdivision (a).

14 (2) Any reduction resulting from subdivision (a) in the amount
15 of ad valorem property tax revenues deposited in the county's
16 Educational Revenue Augmentation Fund resulting from the
17 implementation of subdivision (a) shall be applied exclusively to
18 reduce the amounts that are allocated from that fund to school
19 districts and county offices of education, and may not be applied
20 to reduce the amounts of ad valorem property tax revenues that are
21 allocated from that fund to community college districts.

22 SEC. 3. Notwithstanding Section 17610 of the Government
23 Code, if the Commission on State Mandates determines that this
24 act contains costs mandated by the state, reimbursement to local
25 agencies and school districts for those costs shall be made pursuant
26 to Part 7 (commencing with Section 17500) of Division 4 of Title
27 2 of the Government Code. If the statewide cost of the claim for
28 reimbursement does not exceed one million dollars (\$1,000,000),
29 reimbursement shall be made from the State Mandates Claims
30 Fund.